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EIC-DA-57
19 November 1956

DETAILED AGENDA

Note: Before the beginning of the meeting, you might introduce Colonel Brewer, Air Force, and Colonel Persons, Army, who are attending their first EIC meeting.

1. Approval of Minutes of Meeting Held on 7 August 1956 (continued on 8 August). TAB B

The primary purpose of the 7 August meeting was to approve the basic summary report on "Sino-Soviet Bloc Postwar Economic Activities in Underdeveloped Areas" (EIC-R-14). Approval of the minutes is expected to be pro forma.

2. Announcements of Chairman.

Note: In view of the fact that there has been no meeting since early last August, you may want to comment on a number of EIC activities since the last meeting, as follows:

A. The Fifth Annual Progress Report of the EIC was noted by the IAC on TAB C 19 September 1956.

B. The statement of Priority National Economic Intelligence Objectives TAB D (based on DCID 4/5) which was approved by the EIC on 7 August 1956, was approved by the IAC on 21 August 1956.

A new statement of Priority National Intelligence Objectives, TAB E DCID 4/6, was approved by the IAC on 30 October 1956. (The final version has not yet been printed.) This makes appropriate some few modifications in the statement of Priority National Economic Intelligence Objectives. If members agree, a draft revised statement of Priority National Economic

Intelligence Objectives will be prepared by the Secretariat and submitted to the EIC for discussion in the near future.

(It might be well to have the draft considered by the same working group which considered the current Economic Objectives. This working group was made up of Doherty, State; Davis, Navy; Hamilton, Air Force; Miss Tobin, Army; and [REDACTED].)

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C. The US unilateral report on "Communist China's Imports and Exports, 1955: Trade and Transport Involved" (EIC-R1-S5) was approved by the IAC on 19 September. The IAC also approved release of this report to [REDACTED]

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[REDACTED] The report has been edited and typed for publication, and is scheduled for distribution early in December. The EIC members on 15 November, by interim action, approved the release of this report to OCB, MDAD/EDAC, and CFEP.

D. A "Special Survey Listing of Internal and External Economic Research TAB F Relating to ~~the~~ Current Suez Canal Issues" (EIC-S-26) was prepared by the EIC Secretariat, and distributed to the EIC representatives of the IAC agencies and the Export-Import Bank.

E. The Subcommittee on Electronics and Telecommunications approved and distributed, as a research aid, an annotated listing of "Key Personnel Concerned with Research and Production in the Electrotechnical Industry of the USSR".

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F. Twenty issues of the Biweekly WG Report on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas have now been published, and

work with IAC Subcommittee on exchanges

EIC-WGR-1/21 is now in process of preparation.

G. The EIC, by interim action on 18 October 1956, established an Ad Hoc Working Group on NIE 11-1-57, "Sino-Soviet Bloc Air Defense Capabilities through Mid-1962". This working group will coordinate the CIA/ORR contribution called for under Step 3 (economic impact) of the Terms of Reference (TS) of this NIE.

H. An external research project on "Development of Space, Time, and Movement Factors for Economic-Military Model" was submitted to the EIC for review in October. This project, sponsored by Air Force (Targets), was forwarded to the EIC Subcommittee on Transportation on 2 November for review, in consultation with the Subcommittee on General Economic Analysis.

The extension of a CIA-sponsored [REDACTED] project on "The Economy of East Germany (II)" (submitted to the EIC Secretariat in September) was reviewed favorably by the Subcommittee on General Economic Analysis, and on 18 October the EIC members concurred, by interim action, in the Subcommittee comments. 25X1A5a1

An Air Force (Targets) sponsored project on "Consolidation of Economic-Military End Products Models and Integration of Techniques to Analyze Enemy Strengths" (also submitted in September) was reviewed by the Subcommittee on General Economic Analysis on 22 October 1956, and is about to be submitted to the EIC for review.

I. The EIC members approved release of EIC publications on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas (biweekly and quarterly) to the three special Governmental groups studying future US foreign aid policies (House Foreign Affairs Committee subcommittee; Senate Foreign

Relations Committee subcommittee; and the Fairless Committee established by the President). So far, in response to requests, the first quarterly (EIC-R-14) has been supplied to the House and Fairless groups; and the biweekly series to the House subcommittee.

(See p. 5 below)

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3. Consideration of First Supplement to Basic Summary Report, "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" (EIC-R14-S1).

Action Desired: Approval of EIC-R14-S1.

Discussion: EIC-R14-S1 was approved by the EIC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas on 26 October 1956 after several discussions between CIA and State analysts, and full review by the working group. (Incidentally, John Easton sat in on much of the working group review and in general seemed satisfied with the draft.)

This report is a substantial improvement over EIC-R-14 in terms of organization and presentation. The summary (pages 1 through 13) is a fairly good, brief statement. The summary can, however, still be improved editorially in a couple of places, and the body of the paper requires somewhat fuller editorial treatment.

Commander Hawthorne and other EIC members have suggested that we not proceed to review the paper on a page-by-page basis. Any further minor editing should be entrusted to the Secretariat.

It is hoped that no substantial problems will arise in the review of this paper.

There were fairly significant differences between State and ORR analysts with respect to the statement of the relative importance of political and economic motivations, in the original draft of Section I B. The present agreed version represents considerable compromise on the part of both parties. [REDACTED]

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25X1A9a [REDACTED] considers that ORR was successful in persuading State to give considerably. Doris Whitnack indicates that Ed Doherty is a bit unhappy about the measure of compromise agreed to by the State people. If an opportunity is given him,

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Doherty may reopen the whole issue. It is recommended, therefore, that you seek to get agreement on the present compromise text without trying to polish it further.

The present text states (p. 56):

"In its present campaign to expand relations with underdeveloped Free World countries, the Soviet Bloc appears to be impelled by a complex of political, military, and economic motivations. In the current phase, the political and military motivations have been most evident. From the US point of view, moreover, the problems created by the Communist challenge have been essentially in the defense and political spheres.

This has tended to obscure somewhat the economic considerations which have probably influenced Soviet policymakers in planning their programs in the underdeveloped countries. Some of the more significant of these economic considerations are indicated below. No attempt has been made to determine the importance, in the minds of the Bloc planners, of these economic objectives in relation to other aims, because such an undertaking is beyond the scope of this report."

The effect and intent of this is to leave the evaluation of the relative importance of the economic, political, and military motivations for Bloc Economic Activities in Underdeveloped Areas to the forthcoming NIE 100-1-57 -- where it belongs.

A question may be raised in the meeting relating to the volume of arms shipments by the Bloc to Egypt and Syria. Very recent published statements indicate a much larger volume of such shipments than was previously thought to be the case. [REDACTED] is having this matter checked 25X1A9a out, and may have some tentative conclusions prepared by the time of the meeting. Also, a recent published statement indicates that the Soviets are not delivering petroleum to Israel, as provided for in the agreement

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signed on 18 July (p. 97). The working group has generally avoided, however, any attempt to make the report completely current in terms of last-minute intelligence -- although it may be desirable to include footnote comments on the two items indicated.

It is recommended that the report be approved in (substantially) its present form, on the understanding that additional changes of an editorial nature will be made by the Secretariat with the approval of the Chairman.

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